

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 1568 – SB 1934**

February 16, 2014

**SUMMARY OF BILL:** Removes the requirement that textbook publishers submit a certified check or performance bond with each book bid, not exceeding \$10,000 per bidder, to the State Treasurer. Removes the requirement that performance bonds, not exceeding \$1,000,000, be submitted along with a textbook contract.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – To the extent a textbook publishing contract vendor defaults on a contract for providing textbooks, the state’s liability may increase causing the state to incur additional expenses associated with procurement of replacement textbooks. The extent of any increase in state expenditures is unknown and cannot be quantified because the impact will be dependent upon several unknown factors such as the timing of any default, the size of the contract between the vendor and the State Textbook Commission, and the number of textbooks that must be procured as replacements. Otherwise, any fiscal impact to state and local government will be not significant.**

Assumptions:

- According to the rules and regulations of the State Textbook Commission, the amount of the performance bond that is required with each contract is dependent upon the number of books listed for adoption by the Commission. The minimum bond amount is \$50,000 and the maximum is \$1,000,000.
- Removing performance bond requirements may increase the state’s liability exposure in the event of a default by a textbook publisher. Any increase in state expenditures cannot be reasonably quantified because the extent of any increased expenditures is dependent upon multiple unknown factors such as the timing of default, the size of the contract, and the number of textbooks that must be procured as replacements.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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